Unemployment rate remains at 3.9% in December

Media Release

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Source: Labour Force, Australia, December 2023

The seasonally adjusted unemployment rate remained at 3.9 per cent in December, according to data released today by the Australian Bureau of Statistics (ABS).

David Taylor, ABS head of labour statistics, said: "With employment dropping by 65,000 people, along with a small fall in the number of unemployed people (1,000), the unemployment rate remained steady at 3.9 per cent in December.

"The fall in employment in December followed larger than usual employment growth in October and November, a combined increase of 117,000 people, with the employment-to-population ratio and participation rate both at record highs in November."

With the fall in both employment and unemployment in December, the seasonally adjusted participation rate fell 0.4 percentage points to 66.8 per cent, back to around the September level. The employment-to-population ratio also fell, down 0.4 percentage points to 64.2 per cent. This was the lowest employment-to-population ratio since May 2022, but still 1.9 percentage points higher than March 2020.

"The strength in employment in October and November and the fall in December, reflected changes in the timing of employment growth in the last few months of 2023, compared with earlier years.

"While the December employment fall was large, the number of employed people was still 52,000 higher than September. Looking over the past twelve months, seasonally adjusted employment increased by an average of 32,000 people per month, showing reasonably strong underlying growth during 2023.

"Both the unemployment and underemployment rates remained relatively low and the participation rate and employment-to-population ratio relatively high, suggesting that the labour market remains tight," Mr Taylor said.

Employment and hours worked

Both monthly hours worked and employment fell 0.5 per cent in December 2023. Continuing the pattern seen through the second half of 2023, the annual growth rate in hours worked continued to slow, down to 1.2 per cent, and well below the annual employment growth of 2.8 per cent.

"The slowdown in hours worked since the middle of 2023, after very strong growth during 2022-23, saw the total monthly hours worked in December back around where it was in February," Mr Taylor said.

Seasonally adjusted employment and hours worked, indexed to March 2020

Source: Labour Force, Australia, Tables 1 and 19

Underemployment and underutilisation

The seasonally adjusted underemployment rate remained at 6.5 per cent, 2.2 percentage points lower than March 2020.

The underutilisation rate, which combines the unemployment and underemployment rates, also remained at 10.4 per cent. This was 3.5 percentage points lower than before the COVID-19 pandemic.

"Despite the 0.5 per cent decrease in employment in December, both unemployment rate and underemployment rate remained steady, indicating that the labour market continues to be relatively tight," Mr Taylor said.

Underlying trend data

In December, the trend unemployment rate remained at 3.8 per cent.

Employment grew by around 19,000 people (0.1 per cent) and hours worked fell 0.2 per cent in December, in trend terms.

The employment-to-population ratio fell 0.1 percentage point to 64.4 per cent in December, while the participation rate remained at 67.0 per cent.

The underemployment rate remained at 6.5 per cent and the underutilisation rate remained at 10.3 per cent, in line with November's updated figures.

"In trend terms, many of the key indicators still point to a tight labour market. However, the increasing unemployment rate since November 2022, along with the rising underemployment rate and slowdown in the growth of employment and hours worked, suggest that the labour market is starting to slow," Mr Taylor said.

Further information, including regional labour market information, will be available in the upcoming December 2023 issue of Labour Force, Australia, Detailed, due for release on Thursday 25 January 2024.

The ABS would like to thank Australians for their continued support in responding to our surveys.

Media notes

- The December survey reference period is from 26 November 2023 to 9 December 2023.

- The January survey reference period is from 31 December 2023 to 13 January 2024.
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